



22/06/2010

Budget Report 2010 for Wales

Today the Chancellor of the Exchequer has set out his Budget. The measures announced will reduce the deficit, introduce a fairer tax system, and encourage an enterprise and growth agenda in the UK. These steps are based on the Government's key values of responsibility, freedom and fairness. These measures include:

- The Government will shortly announce details of a scheme to help new businesses in countries and regions outside London, the East and South East. The three-year scheme will exempt new businesses from up to £5,000 of employer NICs payments, for each of their first 10 employees hired. Subject to meeting the necessary legal requirements, the Government intends to have the scheme up and running by September. Any new business set up from 22 June which meets the criteria set out in the forthcoming announcement will benefit from the scheme. Up to 27,000 businesses in Wales could benefit.
- The impact of the employer NICs rate rise previously announced will be largely reversed by increasing the threshold for employer NICs by £21 a week above indexation. This will lead to a saving of around £140 million in Wales.
- The Budget 2009 proposal to repeal the special tax rules for furnished holiday lettings will not be implemented. Instead, the Government will consult over the summer on an alternative proposal to ensure the tax treatment of holiday lettings meets EU legal requirements in a fiscally responsible way, which does not penalise UK businesses, by changing the eligibility thresholds and restricting the use of loss relief. This will benefit around 4,100 individuals in Wales who have income from furnished holiday lettings.
- The income tax personal allowance for those aged under 65 will be increased by £1,000 in cash terms, taking it from £6,475 in 2010-11 to £7,475 in 2011-12. As a result, the Government estimates that 23 million basic rate taxpayers will benefit by up to £170 each. In Wales almost 1.1 million basic rate taxpayers will gain from this measure.

- The Government will uprate the basic State Pension by a triple guarantee of the highest of earnings, prices or 2.5% from April 2011. The Consumer Price Index will be used as the measure of prices in the triple guarantee. However, to ensure the value of a basic State Pension is at least as generous as under the previous uprating rules, the Government will increase the basic State Pension in April 2011 by the equivalent of Retail Price Index. An estimated 0.6 million pensioners will benefit in Wales.
- Government will uprate the standard minimum income guarantee in Pension Credit in April 2011 by the cash rise in a full basic State Pension to ensure the lowest income pensioners benefit from the triple guarantee. 130,000 pensioners currently receive Guarantee Credit in Wales.
- The Enterprise Finance Guarantee (EFG) supports lending to viable small businesses that lack sufficient collateral or financial track record to access a normal commercial loan. The EFG scheme is being increased by £200 million to support additional lending of up to £700 million for small businesses this year, bringing the total size of the facility since January 2009 to close to £1.7 billion. Since January 2009, 516 eligible cases have resulted in £41.7 million of loan offers made in Wales.
- Budget announces a package of corporate tax reforms. Nearly one million companies in the UK will see their corporation tax rates fall.
- The Budget announces the path of public spending for the period until 2015-16. The budget for the Welsh Assembly Government will be determined in the Spending Review in the normal way.

Chief Secretary to the Treasury Danny Alexander:

“The previous Government has left us with a legacy of debt and unsustainable spending, we are taking the decisive action needed to pay for the past and plan for the future. That is why today we have set out a comprehensive five year plan to put the British economy back on track. We have made the tough choices needed to get our borrowing down but we have done it in a way that is fair, protects the vulnerable and supports businesses across Britain.”

Notes to editors

HM Treasury Press Office

- Press enquiries: 020 7270 5238
- Non-Media enquiries: 020 7270 4558

HM Revenue & Customs Press Office

- Press enquiries: 020 7147 0798 / 2328 (Business Tax Desk)
- 020 7147 2318 / 2333 / 0051 / 0394 (Personal Tax Desk)
- 020 7147 2314 / 0052 (Law Enforcement Desk)
- 07860 359544 (Out of hours)

Government Department websites

Further information and all published documents relating to Budget 2010 may be found on the Internet at the following addresses:

- HM Treasury: <http://www.hm-treasury.gov.uk/>
- HM Revenue & Customs: <http://www.hmrc.gov.uk/>